

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION OF)	ORDER AUTHORIZING THE
BLACK HILLS CORPORATION FOR)	ISSUANCE AND SALE OF
AUTHORITY TO ISSUE COMMON STOCK AND)	COMMON STOCK AND
PREFERRED STOCK)	PREFERRED STOCK
)	EL00-010

On April 10, 2000, Black Hills Corporation (Black Hills) filed an application with the Public Utilities Commission (Commission) for approval and authorization of the issuance of common stock and preferred stock. Black Hills and Black Hills Energy Capital, Inc. entered into an Agreement and Plan of Merger on January 1, 2000. Under the Agreement and Plan of Merger, Black Hills, through its subsidiary Black Hills Energy Capital Inc., will acquire all outstanding and issued stock of Indeck Capital, Inc. The Agreement and Plan of Merger provides that Gerald R. Forsythe, Michelle R. Fawcett, Marsha Fournier, Monica Breslow, Melissa S. Forsythe, and John W. Salyer, Jr. (Stockholders) will receive at the time of closing 1,536,751 shares of Black Hills' Common Stock and 4,000 shares of Series 2000-A No Par Preferred stock (Preferred Stock). In addition, "for each of the four calendar years in the period from January 1, 2000, through December 31, 2003, Black Hills shall issue to the Stockholders such number of shares of Black Hills Common Stock and Preferred Stock, having a value equal to the product of: (x) the amount of adjusted net income, as defined in the Agreement and Plan of Merger; and (y) a factor of .35; provided, however, in no event shall the earnout consideration paid to the Stockholders over the time period and methodology identified herein exceed \$35,000,000 ("Contingent Merger Consideration"). All Contingent Merger Consideration shall be paid by Black Hills to the Stockholders 50% payable in the form of Black Hills Common Stock and 50% payable in the form of Preferred Stock."

Based on the terms of the Agreement and Plan of Merger, Black Hills requested that the Commission issue an order approving and authorizing the issuance to the Stockholders of 1,536,751 shares of Black Hills' Common Stock, subject to the terms of the Registration Rights Agreement, and 4,000 shares of Preferred Stock subject to the terms of the Statement of Designations and the Registration Rights Agreement; and such additional shares of Black Hills' Common Stock and Preferred Stock as is necessary to fund the Contingent Merger Consideration and Incentive Consideration, if any, as set forth in the Agreement and Plan of Merger and Addendum.

At its May 10, 2000, meeting, the Commission considered this matter. The Commission has jurisdiction over this matter pursuant to SDCL Chapter 49-34A, specifically 49-34A-29 through 49-34A-34. Commission Staff recommended approval with the conditions that Commission authorization does not constitute the Commission's determination of any utility ratemaking issues and that the issuance of securities does not mean that the Commission is in any way prohibited at some future date from finding Black Hills' capital structure in need of adjustment. The Commission voted to approve the

application and authorize the issuance of Common Stock and Preferred Stock as requested by Black Hills with the conditions requested by Staff. Pursuant to SDCL 49-34A-32, the Commission finds the following: the issuance of the stock is for a lawful object; it is within the corporate purposes of Black Hills and compatible with the public interest; it is necessary or appropriate for or consistent with the proper performance by Black Hills of service as a public utility and will not impair its ability to perform that service; and is reasonably necessary or appropriate for such purposes. In addition, the Commission voted to extend by five days the time frame provided in SDCL 49-34A-31, finding good cause for the extension in order to give time to issue this written order. Black Hills had no objection to the extension.

It is therefore

ORDERED, that the Commission approves and authorizes the issuance to the Stockholders of 1,536,751 shares of Black Hills' Common Stock, subject to the terms of the Registration Rights Agreement, and 4,000 shares of Preferred Stock subject to the terms of the Statement of Designations and the Registration Rights Agreement; and such additional shares of Black Hills' Common Stock and Preferred Stock as is necessary to fund the Contingent Merger Consideration and Incentive Consideration, if any, as set forth in the Agreement and Plan of Merger and Addendum; and it is

FURTHER ORDERED, that the issuance of this Order by the Commission authorizing the issuance of securities described herein is a securities authorization only and does not constitute the Commission's determination of any utility ratemaking issues whatsoever, which issues are expressly reserved for decision until they are presented to the Commission in an appropriate proceeding; and it is

FURTHER ORDERED, that the issuance of stock by Black Hills pursuant to this Order shall not be construed to mean that the Commission is in any way prohibited at some future date from finding Black Hills' capital structure in need of adjustment.

Dated at Pierre, South Dakota, this 12th day of May, 2000.

<p align="center">CERTIFICATE OF SERVICE</p> <p>The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.</p> <p>By: _____</p> <p>Date: _____</p> <p align="center">(OFFICIAL SEAL)</p>

BY ORDER OF THE COMMISSION:

JAMES A. BURG, Chairman

PAM NELSON, Commissioner

LASKA SCHOENFELDER, Commissioner

